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President's summary of the special high-level meeting of the Economic and Social Council with the Bretton Woods institutions and the World Trade Organization**

(New York, 22 April 2002)

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I. Background

1. The General Assembly, in annex I, paragraph 88, of its resolution 50/227 on revitalizing the United Nations in the economic, social and related fields, recommended that the Economic and Social Council periodically schedule a high-level special meeting following the semi-annual meetings of the Bretton Woods institutions. As a result, starting in 1998, the Council has held high-level special meetings with the Bretton Woods institutions annually.

2. The fifth special high-level meeting of the Council with the Bretton Woods institutions was held on 22 April 2002. The theme of the meeting was: "Dialogue on the outcome of the International Conference on Financing for Development and of the meetings of the Development Committee and International Monetary and Financial Committee". The Monterrey Consensus (A/CONF.198/11, chap. I, resolution 1, annex), adopted in March 2002, assigned a specific role to these meetings in the follow-up process. This meeting, held just one month after the Conference, offered the first opportunity to lay down the foundation for "staying engaged" as called for in the Consensus. The event brought together in the Council policy makers in the areas of finance and monetary issues, development cooperation and foreign affairs, as well as representatives of civil society and the private sector.

3. The President of the Council chaired the meeting. The Secretary-General made an opening statement. This was followed by the statements of Mr. Trevor Manuel, Chairperson of the Development Committee and Minister of Finance of South Africa, Mr. Eduardo Aninat, Deputy Managing Director of the International Monetary Fund (IMF), speaking on behalf of the Chairman of the International Monetary and Financial Committee, and Mr. Eduardo Sojo Garza-Aldape, Head of Office of the Presidency for Public Policies of Mexico. To facilitate an interactive debate, the meeting broke up into two simultaneous round tables for part of the event, chaired by Mr. Gert Rosenthal, Ambassador of Guatemala, and Mr. Dumisani Shadrack Kumalo, Ambassador of South Africa, Vice-Presidents of the Council. At the resumed plenary meeting, after a brief summary by the two round-table chairpersons, Mr. Aninat, Mr. Shengman Zhang, Managing Director, World Bank, and Mr. Nacer Benjeloun-Touimi, Senior Adviser, World Trade Organization, made concluding comments. A background note by the Secretary-General on the dialogue on the outcome of the International Conference on Financing for Development and of the meetings of the Development Committee and the International Monetary and Financial Committee (E/2002/13) was submitted to facilitate the discussion.

4. The present document provides a synopsis of the meeting. It summarizes the salient points and main aspects of the statements that were made and the exchanges of views that took place. The purpose of this summary is to contribute to the preparation of future meetings and to encourage deeper discussion of the specific proposals reflected.

II. Development and the world economic situation: current issues

5. In the view of most participants, global economic prospects were improving markedly. Yet it was pointed out that many questions remained regarding the strength of the recovery, its breadth across regions and its sustainability. There also appeared to be agreement that a measure of caution was necessary since non-oil commodity prices were still depressed, affecting prospects in many developing countries; the Japanese economy remained weak; large imbalances among advanced economies persisted; and the conflict in the Middle East was fuelling increasing uncertainties.

6. According to the International Monetary and Financial Committee, which had met only two days before, the challenge for policy makers now was to help foster the recovery that was under way and try to ensure that all regions benefited. In this regard, developed and developing countries were expected to pursue structural and macroeconomic policies to improve economic flexibility and enhance resilience. Such policies would also contribute to reducing the persistent imbalances among the more advanced countries.

7. Many participants stressed that in the medium to long term, international trade held the key for rapid development in most developing countries, for raising incomes and for attaining the millennium development goal of halving poverty by 2015 (see A/56/326, annex, target 1). An open, rule-based, equitable and transparent international trade system was necessary. The prospect of a true development round had emerged

at Doha, but concrete actions could be taken even before the new round takes place. The "Everything but arms" initiative undertaken by the European Union (EU) to benefit least developed countries had significantly improved trade prospects for these countries. Many participants argued that developed countries should further reduce, without delay, trade barriers and trade distorting subsidies affecting other countries. It was felt that such measures would increase market access and promote economic growth in a large number of developing and transition countries.

8. In many African countries, widespread poverty, the prevalence of human immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS) and the risks of famine were central issues. They had to be tackled by major efforts from the countries themselves with the assistance of the international community. Many delegations stressed that the New Partnership for Africa's Development constituted an important step forward. The Partnership provided a comprehensive strategy for economic and social development. It had been given decisive support in the Monterrey Consensus (para. 6) and had received strong endorsement from the Development Committee the previous day.

9. Some of the principles that were highlighted included country ownership, together with the joint cooperative efforts of IMF and the World Bank and other partners to implement the Poverty Reduction Strategy Paper (PRSP) approach. It was felt that these provided an opportunity to improve the situation and set the foundations for long-term development in low-income countries. In this endeavour, the support of the Poverty Reduction and Growth Facility (PRGF) at IMF could prove critical for many African countries, as well as for other low-income developing countries. There was widespread agreement that education was the most decisive factor in the long term to achieve sustainable development. Accordingly, it should be a top priority in a country's national strategy. The previous day, the Development Committee had strongly endorsed an action plan presented by the World Bank to help make primary education a reality for all children by 2015 and accelerate the process. The Committee had also called upon the relevant stakeholders to strengthen their efforts to achieve the millennium development goal on gender equality in primary and secondary education by 2005 (see A/56/326, annex, target 4).

10. Progress achieved by the enhanced Heavily Indebted Poor Countries (HIPC) Initiative had been tempered, according to several participants, by the small number of countries that had reached the completion point. In some cases, the question of debt sustainability of countries receiving debt relief remained open. It was noted that more flexibility in the application of the framework, as well as all creditors' contributing a fair share of the relief, would be needed to further progress in the HIPC Initiative. The Development Committee intended to review the Initiative and the question of sustainability at the fall meeting. Regarding the debt of middle-income countries, IMF had been considering approaches to sovereign debt restructuring to allow for more timely and equitable resolution of debt problems. Several participants welcomed efforts in this area.

11. With respect to crisis prevention, which remains a top priority for the Fund, the institution was focusing its work on strengthened surveillance in all countries, financial sector monitoring, fostering transparency and the adoption of standards and codes. All these tasks were particularly important at a time when the world economy was beset by heightened uncertainties.

III. The financing for development process and the Monterrey Consensus

12. Participants welcomed the approach to international policy-making established in the financing for development process as it signalled an important new form of engagement. Greater coordination and increased cooperation among ministries of finance, trade, foreign affairs and development cooperation had emerged as a key facet of the process. Just as important was the much increased and effective cooperation among the United Nations, the Bretton Woods institutions and the World Trade Organization. The participation of the private sector and civil society in the process had also contributed significantly to enriching the outcome.

13. The Monterrey Consensus, adopted at the ministerial and summit levels the previous month, was viewed as a major step forward. It had received full endorsement by the International Monetary and Financial Committee and the Development Committee over the prior two days. The policies, instruments and

reforms as agreed in the Consensus were key to the attainment of the millennium development goals. One significant and tangible immediate achievement was the new pledges by EU and the United States of America, which would lead to a turnaround in aggregate official development assistance (ODA) trends.

14. The Monterrey Consensus constituted a substantive, holistic and integrated platform on which new and constructive actions could be built in the future. Coherence of the international monetary, financial and trade systems was a major theme, as was the increased participation of developing countries in global economic policy-making. Progress was important on all these fronts.

15. The nature of the process leading to Monterrey and the "spirit of Monterrey" had contributed to a successful conference in March 2002. It was important to preserve the approach in the critical task beginning now: the implementation stage. Lessons of that approach were also relevant for the World Summit on Sustainable Development to be held soon (26 August-4 September 2002) in Johannesburg, South Africa. Agreement achieved in November 2001 at the Fourth Ministerial Conference of the World Trade Organization, held at Doha, and the success of the International Conference on Financing for Development at Monterrey had greatly advanced the international agenda. The World Summit on Sustainable Development offered an additional opportunity for further progress, inter alia, in the social and environmental areas. If the potential of the Summit did indeed materialize at Johannesburg, the international community would take a major and decisive step towards the full realization of the sustainable development and poverty eradication goals of the United Nations Millennium Declaration.[1]

IV. Implementing the Monterrey Consensus

16. According to many participants, the main challenge now was to translate the positive spirit that had led to the Monterrey Consensus into meaningful implementation. A dynamic implementation process should continue to build bridges among global development, finance and trade deliberations. Several delegates stated that it was necessary to move from principles to concrete action. The Monterrey Consensus was based on partnership with shared responsibilities and mutual accountability, as well as an inclusive approach that needed to be carried forward. It was, in the view of one participant, "a performance contract".

17. It was pointed out that implementation of the Monterrey Consensus required both effective national and international policies and operational effectiveness of economic cooperation strategies and programmes. Sound national policies in developing countries should be based on country ownership. Several participants voiced concern that capacity constraints could severely limit developing countries' ability to assume ownership and effectively implement programmes and policies. In this regard, speakers stressed that increased technical assistance for capacity-building in developing countries was necessary, along with increased market access in developed countries, and sufficient and well-coordinated external support.

18. Coherence and coordination between recipient and donor countries, among donor countries and between donors and multilateral financial institutions in support of national strategies were identified as important steps in strengthening ownership of policies and harmonization of procedures of development assistance. It was essential to streamline requirements and improve coordination of disbursement and delivery mechanisms in order to minimize the burden of compliance on the recipient countries, moving from conditionality to partnership and thus to more flexible approaches. In this context, a number of speakers highlighted the PRSP approach based on strong national ownership, broad-based participation in policy design and monitoring, and strengthened national and international partnerships. Regional initiatives, such as the New Partnership for Africa's Development, among Governments, the private sector, civil society and development partners were felt to hold great potential. At the same time, several speakers stressed that care should be taken not to duplicate processes that were already taking place elsewhere.

19. Improved policy coherence and enhanced cooperation at the intergovernmental level were also seen as an important element in effective implementation. Enhanced cooperation among the United Nations, the Bretton Woods institutions and the World Trade Organization, at both intergovernmental and secretariat levels, in the financing for development

process should continue and be strengthened in the implementation of the Monterrey Consensus. The increasing engagement of the World Trade Organization was considered particularly important. At the international level, the Council was deemed a natural forum for such a follow-up, in view of its capacity to involve all development stakeholders, including the various United Nations funds and programmes, the Bretton Woods institutions and the World Trade Organization, representatives from the civil society and the business sector.

20. Participants emphasized the need to develop benchmarks and monitor progress in development programmes at the national, regional and international levels, involving all relevant actors. It was underlined that measurable results were essential and strategies had to stress outcomes rather than processes. This was particularly important for effective social programmes and policies focusing on the poor. The United Nations Development Programme (UNDP) was seen as playing a major role in capacity-building and monitoring of progress in implementation at the country level.

21. All development goals needed to be matched with clear and measurable programmes of action that made the term "aid effectiveness" meaningful. These included financial estimates and commitments, and effective and sufficiently funded capacity-building programmes. In this regard, several participants stressed that it was essential to consider how the level of ODA of 0.7 per cent of gross national product (GNP) could be reached. Others noted that some of the broad commitments made at Monterrey needed to be finalized, especially the thirteenth replenishment of the International Development Association (IDA) and the question of grants versus loans.

22. Studies on innovative sources of finance remained important. Several participants called for the swift implementation of the Fourth Amendment of the IMF Articles of Agreement on the special one-time allocation of special drawing rights (SDRs) and urged those countries that had not done so to ratify promptly the Fourth Amendment. They also encouraged developed countries to donate the increase in their allotment to an international development fund.

V. Specific proposals

23. The need to work out mechanisms for implementation of the commitments agreed in Monterrey was emphasized by many speakers. While no agreements were reached — nor, indeed, sought — a number of specific proposals were put forward by individual participants, in particular regarding modalities to make the outcome of the future spring meetings of the Council with the Bretton Woods institutions and the World Trade Organization more effective and results-oriented.

24. In this regard, there was broad recognition that future joint meetings would need to be intensively prepared by exchanges among the Council and the Boards of IMF, World Bank and the World Trade Organization and among the related secretariats. One specific proposal was to set up a contact group, somewhat akin to the 15-member Bureau of the Preparatory Committee for the International Conference on Financing for Development. A series of working groups at the intergovernmental level could be another option. Many participants stressed that the preparatory exchanges should identify issues to be addressed in future meetings.

25. Another proposal was for future meetings to focus on the follow-up of the Monterrey Conference, covering two of the six themes of financing for development each year, on the basis of reports on implementation to be provided before the annual spring meeting by all relevant stakeholders. A review of institutional cooperation in specific areas was suggested as one element for future consideration. Other issues suggested for consideration included policy coherence and global economic governance, education, health, the Doha Developmental Agenda, the international financial architecture, capacity-building, ODA, foreign direct investment (FDI) and external debt.

26. To ensure the coherence of agendas at the intergovernmental and inter-agency levels, it was further stated that a coordinating mechanism should be considered through which the secretariats would work together. The United Nations, the Bretton Woods institutions and the World Trade Organization could prepare joint reports on specific and sectoral issues. The inclusive approach of Monterrey — engaging the participation of different ministries and civil society and the business sector — should be kept in mind with

a view to devising modalities to adopt such an approach.

27. Some speakers suggested that the follow-up process should include a plan of action, or a "road map", which would specify various performance benchmarks and indicators for all relevant stakeholders and include a time frame for implementation. Some speakers also regarded the Council's meeting as being too short and needing a full day. Others mentioned that mechanisms for the monitoring of implementation outcomes for the millennium development goals in developing and transition countries should be promptly put in place, with a central role given to UNDP at the country level. Monitoring at the regional level was also deemed to be important and the establishment of peer reviews at this level was advocated.

28. One delegation reiterated the desirability of creating an economic security council, whose functions would include ensuring a proper management of common public goods.

Notes

[1] See General Assembly resolution 55/2.